HOUSE OF COMMONS

International Trade Committee

Oral evidence: The COVID-19 Pandemic and International Trade, HC 286

Thursday 23 April 2020

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Watch the meeting

Members present: Angus Brendan MacNeil (Chair); Robert Courts; Mark Garnier; Paul Girvan; Sir Mark Hendrick; Mark Menzies; Martin Vickers; Matt Western; Mick Whitley; Craig Williams.

Questions 29 - 67

Witnesses

I: Dr Samuel Roscoe, Senior Lecturer in Operations Management, University of Sussex, and Dr Richard Torbett, Chief Executive, Association of the British Pharmaceutical Industry.

II: Peter Ellingworth, Chief Executive, Association of British HealthTech Industries, and Mark Roscrow MBE, Chair, Health Care Supplies Association.

Examination of witnesses

Peter Ellingworth and Mark Roscrow MBE.

[*This evidence was taken by video conference*]

Q29 **Chair:** Can I ask you both to introduce yourselves, starting in alphabetical order, so that will be Mark Roscrow if I go by Christian name?

Mark Roscrow: I am Mark Roscrow. I am here today representing the HCSA, Health Care Supply Association, but I am also the Programme Director within Shared Services Procurement Services at NHS Wales.

Q30 **Chair:** I am not sure if it is just me, but there seemed to be microphone interference with Mark Roscrow. I am looking at the Wilson room to see if there is nodding in the Wilson room. Peter Ellingworth, can I ask you to introduce yourself as well, please?

Peter Ellingworth: Thank you. I am the Chief Executive of the Association of British HealthTech Industries. Before we begin the session I want to offer my heartfelt condolences to those who have lost loved ones to this virus, and express on behalf of my organisation and industry a tremendous admiration and gratitude to our colleagues in the NHS and the allied clinical professionals across the UK who risk their lives every day. Also, to staff in our industry who are intimately involved in delivering equipment, installing it, maintaining it and training staff as well. Thank you for allowing me to do that, Chair.

Chair: Thank you very much. I am going to go to Mick Whitley at the moment.

Q31 **Mick Whitley:** Good afternoon. I would like to ask Mr Roscrow about the shortage of PPE equipment that has been widely reported in the NHS and in the social care system. How far are these shortages the result of problems with overseas supply chains as opposed to distribution issues in the UK? As a supplementary to that, I think this pandemic has exposed a massive weakness in the supply chain. What are your views on that?

Chair: Was the question heard? Mick Whitley, do you want to repeat the question?

Mick Whitley: Yes, I will do. Mr Roscrow, a shortage of PPE has been widely reported in the NHS and in the social care system. How far are those shortages the result of problems with overseas supply chains as opposed to distribution issues in the UK? As a supplementary question, this pandemic has exposed a massive weakness in the supply chain. I would like to hear your views on that.

Chair: Mr Roscrow, can you pick up on that? No. Maybe the next question will go to Mr Ellingworth, if he can pick up on that. What products do your association members supply to the NHS, particularly in relation to dealing with the COVID-19 pandemic, and how have the supplies of those products been affected due to the disruptions in the supply chain that this pandemic has caused? How much is the pandemic restricting dealing with the pandemic, Mr Ellingworth?

Peter Ellingworth: I guess it is important to lay out the differences between the healthtech industry within life sciences and pharmaceutical. Our industry is characterised by a huge variation. We are not talking about 12,000 drugs here. We are talking about tens of thousands, even 100,000 different products. It is a very complex industry. There are nearly 4,000 companies in the UK alone, and that is a mix of international and domestic businesses.

The bulk of those companies are quite small. There are of course large international companies. We represent about 280 of them, which probably covers in reality about 80% of the value that is provided. The spread of products is huge. Think of a TV drama as set in a hospital, like "Holby City", for example. There is a massive variation. This is everything from in vitro and in vivo, blood testing, big imaging systems, all the way through—implantables, cardiac, orthopaedic, neurological, increasingly robotics and then the emerging world of digital and data-enabled technologies. Mr Chair, it is incredibly varied. In the intensive care setting, of course, we have seen a lot of ventilators. There are many products associated with the ventilation of patients once they get into the ICU. When a patient is in the ICU they are sedated—not only are they helped to breathe but all of their vital systems are managed too.

Q32 **Chair:** How much would the European Union issue be affecting what your members should be doing? The whole procurement, some would call it "debacle" of the emails that went astray—or the Secretary at the Foreign Office said something or retracted it or whatever—how much has that fed into the system for you?

Peter Ellingworth: The critical thing is that in any crisis of this nature you have to manage and direct demand. Demand outstrips supply almost by definition, and Sam Roscoe with his evidence will know that. In this case there were issues early on. What has not been helped, I think my colleague in ABPI mentioned 54 restrictions. There were 61 restrictions that we have tracked in terms of export from countries.

Very early on, France took sovereign title on manufacturing. Germany was blocking the movement of products at its borders. All of that has had an impact. What has made a difference is that the global companies have worked very hard and our own Department for International Trade and the Foreign Office worked incredibly hard to make sure that those have been overcome. Where there have been restrictions we talked to the Secretary of State in the Department, Liz Truss, and she has been very helpful there.

Chair: Thank you. Is Mark Roscrow's microphone working now?

Mark Roscrow: I hope so, yes.

Chair: Yes, you are sounding great now, thank you.

Mark Roscrow: That makes a change. Thank you. Sorry.

Chair: Not at all. Do you want to contribute to the general question?

Mark Roscrow: I am sorry the sound quality was so bad I just did not hear any of the questions at all.

Q33 **Chair:** Basically, it was about the situation was either created or happened with the non-involvement in the EU procurement and the general debacle around that—has that fed in or could the situation have been better for your members had that gone more smoothly?

Mark Roscrow: It would be doubtful, if I am honest. At the end of the day, we are all competing for a limited amount of product across the world and the key problem is the availability of that to meet an astonishing demand. I am not sure that being part of a wider procurement would have been any more beneficial than the UK trying to secure its own product across the home countries, to be honest.

Chair: Very good. I am going to go back to Mick Whitley now that your microphone is working, Mr Roscrow. Third time lucky, Mick.

Q34 **Mick Whitley:** Hopefully. Good afternoon, Mr Roscrow. Shortage of PPE equipment has been widely reported in the NHS and in the social care system. How far are those shortages the result of problems with overseas supply chains as opposed to distribution issues in the UK? The supplementary question I would like to ask you is: has this exposed massive weaknesses in the supply chain?

Mark Roscrow: The second part of your first question is relatively easy to answer. The logistics ability to get product around the UK into both trust and care settings is there and exists. The Army is supporting a lot of work in England, so I do not think that is the problem.

If I come to the first part on the availability of product, it is almost a perfect storm. The problem originated in a part of the world that had a significant amount of manufacturing capability and capacity, so that was initially closed down. The volume requirement—and this is significant and therefore similar to colleagues earlier talking about pharmaceuticals—the extended supply chains have unquestionably been a problem in getting product back into the UK and other countries, and the competing demand for those products across the world. I think I heard Peter say there is a fairly limited range of product, which is exactly part of the problem. Has that exposed some weaknesses and fragility within the UK? Unquestionably, yes, that has been part of the problem. Similarly to the way with pharmaceuticals that was discussed earlier.

Q35 **Mick Whitley:** Therefore, would localised facilities be put in, in the UK?

Mark Roscrow: Again you come back to the sort of conversation you had earlier, in terms of the debate going forward. To what extent does the UK want to become self-sufficient in this type of product? That is a much wider debate. Unquestionably there will be issues around how much of that capacity do we have in the UK and what is our ability to ramp it up to the sort of volumes we are talking about at this moment in time.

Q36 **Robert Courts:** Can I ask Mr Roscrow and Mr Ellingworth—Mr Roscrow first, please—to comment a little bit further on the EU procurement scheme? First of all, could you confirm whether it is the case that there have not been, I think, any PPE deliveries yet under that EU scheme and that ventilator production will be significantly delayed? That is the first question and, secondly, would you comment upon what the advantages and disadvantages would be of participation in that scheme?

Mark Roscrow: To pick up on the ventilators, I know the UK has had product and supply from that. We have certainly had some of those in Wales, so that has flown across. In terms of the participation in the procurement process and what would that have achieved and all the benefits of it, we are dealing with extraordinary times. The normal procurement approach probably does not fit what is required. We are looking at trying to get hold of product extremely quickly. We need to be agile. We need to be flexible and we needed to respond to that. A lot of companies are looking for upfront payment of a significant amount of money to support securing product, and we probably needed to be agile to be able to do that and not get caught up in any bureaucracy that would have hindered the ability to get product into the UK.

Q37 **Robert Courts:** Thank you. Mr Ellingworth, do you have any comments on that?

Peter Ellingworth: Yes, indeed. I am going to pick up on the ventilator piece because I think we now have the supply that we need. That has come from a variety of sources, both from global corporates who made product available very rapidly to the UK and also for some UK companies. You have seen the challenges that were created to turn JCBs into ventilators. It is a terrific idea. Where it has really worked is where you have local companies with expertise and knowledge, not only in the manufacturing and the design but also in the regulatory requirements. These are products that have a serious impact on patients. They have to be produced safely and they have to be monitored and checked with the regulations to do that.

There is another enabler that is important to consider. That is our own regulatory authority, the MHRI, which has been terrific in this case. It has had challenges. As we have already seen, and as Mark indicated, the challenge has been unprecedented, but the MHRI has acted very well. I think we are learning as we go the ability to have some domestic capability that can—in this case because it is engineering—work with other companies such as the motor racing industry, such as other large

engineering companies, and bring them together. That is the opportunity for the future. It has been a great effort by industry, both here and internationally, to get those ventilators and I would say other equipment. The renal industry again, if you go into the ICU you have to have many of your vital functions managed.

Q38 **Robert Courts:** As a supplementary, Chair, may I ask about something that I do not quite understand and perhaps one of our witnesses can help us with this? As I understand it, France has claimed sovereignty over the supply of PPE, and I think they cancelled an order that the NHS had for PPE in January. I am sure you will correct me, but I think France and Germany have now banned the export of PPE. What is the interplay between that and the EU procurement scheme, given that the Commission only has a co-ordinating role, but the member states still place the orders? Does the sovereignty claimed—as France and Germany have done over PPE—trump the EU procurement scheme or are they separate?

Peter Ellingworth: I do not understand the absolute legal detail of that. Before we go to Mark for the detail, what I would say is that we have to take a lead here. We are a great trading nation. We are one of the great nations of this world and we have to fight against these kinds of restrictions.

Mark Roscrow: Just on the specifics, the UK Government on behalf of all devolved Administrations had what would effectively be just in case, just in time procurement arrangements to support a flu pandemic. Indeed, there was a contract with a French company for the provision of FFP3 masks, as a consequence of that procurement, and obviously at a point in time that was triggered. There was an expectation of that product being delivered. In fact, I was party to several calls when we were close to those deliveries being made. They were stopped almost at the last minute, we understand. The specific details of that I have not been privy to. I suspect there will be a follow-up to that. It was a reality that we had to then deal with the here and now, so how that is dealt with going forward will be another matter. It does bring into question the worth of those contracts and those arrangements, because there was not just that. There were a number of others. To all intents and purposes they were not worth the paper they were written on because we did not get the product. Ultimately, that has been the key issue. Where we were reliant on volume to come into the UK that was not available and, therefore, again we have had to make other arrangements to fill that void.

Q39 **Robert Courts:** Thank you. I know Mr Ellingworth would like to come back in a second—I have seen his hand is raised—but I want to fully understand that point. Do I understand you correctly that, because of the ban on exporting of PPE that some member states have taken, that the EU procurement scheme may be null and void? It is academic anyway? Is that right or am I misunderstanding it?

Mark Roscrow: The legalities of it, we probably need a procurement lawyer with EU expertise to give a view. What you cannot deny is the fact that the product did not arrive, so at the end of the day that is the key issue here.

Q40 **Robert Courts:** Thank you. Mr Ellingworth.

Peter Ellingworth: The point I want to make is that I think is important for the future, not just around resilience but more broadly. We have to consider these factors in future trade agreements. We are leaving the EU. We have tremendous opportunities in doing so and we have to factor this and regulatory alignment into those arrangements. We do it in other areas. The United Nations does a terrific job around the world, The World Health Organisation does. We have to start thinking about pandemic planning and what that means for the free movement of goods when we strike these future trade deals.

Q41 **Chair:** Before I move on to Mark Menzies, who is waiting patiently, I am just looking back at some of the things that we heard on 17 March from Amanda Pritchard, the Chief Operating Officer of NHS England, who told the Health and Social Care Committee that PPE items were held both in the influenza stockpile and the EU exit stockpile, meaning the NHS had the adequate supply we need. There were other similar voices of positivity coming forward at that time. What happened?

Peter Ellingworth: If you want me to go first, Mr Chair, there were pandemic supplies. There were also supplies because of planning for a no-deal Brexit. The demand has been exponential.

Q42 **Chair:** We should have been doubly ready. The UK should have had more than enough, given those two, because the no-deal Brexit was going to be a disruptive event, maybe on the scale of a pandemic, some might argue, some might not.

Peter Ellingworth: From my understanding, the scale of the pandemic has trumped any prior planning. I will give you an example from ventilators. We had one manufacturer who would normally sell maybe 70 in a year to the NHS who was getting orders of three to four times that amount. If you can imagine that impact and that scale of change on to PPE and any inventory that was held, we are not talking about three or six months' supply. We are talking about several years' supply suddenly being demanded. I think the planning was in place with a set of prior assumptions. This has simply trumped it significantly.

Q43 **Chair:** As recently as April I think, Chris Hopson, the Chief Executive of NHS Providers with NHS in England, said there was a stockpile of PPE—well stocked in respect of most items. The problems have arisen about getting supplies to hospitals and the logistical challenge within the UK, as far as I can see. From all you are saying there should have been plenty of stuff about. Why are we seeing the NHS workers then with the problems they have had? The two do not seem to match at all. Mark Roscrow, you are trying to get in there.

Mark Roscrow: Yes. There are a number of issues here. The flu pandemic stockpile was a limited range of product, but—Peter is absolutely right—the modelling of the volume that was held was built around some assumptions that did not anticipate the impact that we had.

Q44 **Chair:** Excuse me, sorry, some of this was said on 17 March and later. By 17 March it was quite clear that the UK was on a trajectory that was similar to Italy and Spain. That isn't a long time ago. This is in the run-up to the lead-in to where we are now, and it was clearly seen that this was the direction we were headed. It was forecast then.

Mark Roscrow: Yes. What I am trying to explain is that the volume of product that was held, and the range of product that was held, was built around the outcomes of the last flu pandemic in the UK. As part of that, these just in case, just in time contracts that I have referred to were put in place, so that there was a lot of product that was not necessarily being recycled into the system. The cost of disposing of product that was not being used and the cost of storage was a factor to determine that strategy going forward.

To comment on the Brexit stock, if you use things like the FFP3 masks, which are a significant part of the PIP stock, they do not represent business-as-usual product. In normal day-to-day business, the NHS would not use significant volumes of FFP3 masks so those were not replicated in the Brexit stock. While some things would have been—gloves as an example, and aprons—the range that was held in the flu pandemic stock was not significant.

Chair: Thank you. I will move on due to time. We are going to the west coast of England now and Mark Menzies is waiting patiently I can see.

Q45 **Mark Menzies:** You sure are, Chairman. Your geography is very impressive. You are very good.

On the subject of transport—just getting back on to that—we heard quite a bit of evidence in the previous session, but I would like to ask both witnesses, and if I start with Mark Roscrow first: what has been the impact on global medical supply chains of disruption to freight transport, and particularly the loss of air transport capacity? As we heard in the previous session, so much air transport is in the belly of scheduled aircraft and clearly, at the minute, the majority of those are grounded.

Mark Roscrow: Yes. It has certainly had an impact but, again, this is where I think some of the Brexit planning has been helpful. As part of that colleagues will probably recall there were a number of arrangements put in place to deal with potential blockages at ports of entry, and one of those was an airfreight facility. I know that has been utilised. Unquestionably, because of the imperative need to get as much product into the UK as quickly as possible, there has been a bigger demand on airfreight as opposed to a lot of what would normally come through sea route. Clearly, the time constraint around this, and the urgency of getting

product, has necessitated a greater demand for air than would otherwise have been the case.

Q46 **Mark Menzies:** Thanks. Peter?

Peter Ellingworth: You heard previously that a lot of medical supplies are shipped in the holds of passenger aircraft. A 90% decline in that has had a significant impact. We are being told by companies that the regular freight forwarders have had a reduction in capacity as well. When we ask them why they say, "We have social distancing. We have staff off sick", so there has been another factor there.

What has had a massive impact on companies here in the UK is the significant cost as a result of that. We are being told by one that the shipment of a pallet from the US would normally cost them £200. It is now up to something like £1,200. If they want to expedite it, because it is urgent, it is up to £3,000 for that pallet. It is absolutely unconscionable the rate of increase in price to freight.

There are some other issues there that are emerging. That is around border controls. We have just talked about some in the EU. There are some delays coming out of China, I understand, at the moment. The Chinese are inspecting more goods. In some respects that is not a bad thing, but they are inspecting everything and that is causing more delays.

To answer the question about shipping, I have been told that you can expedite shipping from China in about 21 days compared with other delays around airfreight that might be 10 days. It is a potential and we have certainly talked to some manufacturers who are going into PPE production, where they are going to utilise that as well so that they can get on with the job.

Q47 **Mark Menzies:** Peter, following up on that as a supplementary, when do you think we will return to any sort of normal pattern or traffic in airfreight? Is it once scheduled airlines resume routes or is there an intermediate bit where you are looking at—again, it was touched on earlier—putting in more freight-only flights? Clearly that level of price escalation to move goods is detrimental to everyone concerned.

Peter Ellingworth: Yes, it is. One of the things is—and Mark can perhaps answer this better than me—we had some great work done by the Department of Health and Social Care in the run-up with Brexit planning in securing freight routes. Of course, in this case, that has been disrupted as well but there may be options through there. The big question remains: how soon can we start safely moving people back around and getting freight going through those air routes?

It is not just about PPE. We are coming to a circumstance where we are going to need to restart the rest of the health system and begin elective and planned procedures because people whose operations were planned for weeks ago will be getting sicker. They will not be getting better. That

is going to increase demand for other products as we restart the system, so we are going to need that freight capacity.

Q48 **Chair:** Before I go to Craig Williams, can I pick up on a point that you made? You said that the costs were unconscionable. Are you saying that there is profiteering going on at the moment for moving stuff?

Peter Ellingworth: I don't have evidence, but there is a question of supply and demand. I am an economist by background. If you look at a price that was once £200 and it is now £1,400, that is quite a change.

Q49 **Chair:** That is carried by airfreight, by certain air companies, a sevenfold increase in their carriage costs?

Peter Ellingworth: Yes.

Chair: Thank you for that point of knowledge. I am going to go to east central Wales now, to Montgomeryshire, to Craig Williams. I see Craig smiling and waving.

Q50 **Craig Williams:** I do not think it has been called east central Wales ever before, but mid-Wales, Mr Chair. If I could touch a bit more on the global medical supply. We have talked about the export bans and tariff waivers that have been introduced in some countries, but can I get a scale of it from both of you and the impact these export bans are having on your side of it?

Peter Ellingworth: I am sure Mark will have the detail on export bans around PPE, but we have talked about France and Germany. There have been some around raw materials. The primary impact for us would only come in if there were starting to be more restrictions as we come out of this and look at the rest of the product that is supplied. Medical devices are largely zero-rated under tariffs. We do not want to see tariffs coming in. We do not want to see countries imposing tariffs. That certainly would not be helpful.

The place that we do need to consider—and I mentioned this before—is the ability to use the regulatory system worldwide. We have different regulatory systems. We have the CE mark in Europe. We have the FDA for the rest of the world coming through the US. Of those regulations 80% are quite common under the International Medical Device Forum rules, so there are opportunities to look there that I think we should consider.

Mark Roscrow: I agree with Peter on that. The France/Germany problem has been well documented. Northern Italy, which was obviously dramatically impacted by COVID, also had an impact because I know a number of products were made in that part of the world and that was contributing to their availability as well. We know India switching things off as well caused an impact. I think Peter is right again in terms that the regulatory position does provide a way forward with this.

Q51 **Craig Williams:** Can I ask you particularly about China? We have

touched again on the export controls, but what was the quality of products coming through those export controls in terms of PPE?

Mark Roscrow: We have seen a number of examples of product being offered into the UK that have been of substandard quality. We have certainly seen some fraudulent attempts to sell product into the UK. Denmark returned a significant quantity of product to China. That in part has provoked a fairly recent response from China where they are increasing their export scrutiny. We know of a number of examples of products, which were due to be put on planes, which have been turned back and have been repackaged and repurposed, and that has caused a delay. They are taking a much closer look because they have a concern around their quality credentials and their ability to continue to provide quality product. They do not want to be associated as a country that is trying to export fake and fragile product to us, which clearly we do not want either.

Peter Ellingworth: Craig, I think there is another dynamic at play here with China. It has been noted for selling cheap product. I think what we are learning here is the importance of quality. The medical device technologies we talk about are often very complex. Quality has to be paramount because patient safety is paramount. In some of these areas of consumables, we have to think more about the quality and balance that against the price. Sometimes, as in many parts of life, you will pay a penalty for looking just at price. I know that colleagues in procurement are always trying to balance that and we would encourage them to continue to look at overall value.

Chair: Thank you. I will move away from east and mid-Wales, and middle east Wales, and go to Robert Courts in Witney in south central England.

Q52 **Robert Courts:** Could I ask both witnesses—one at a time, perhaps Mr Ellingworth first—what options does the global medical supply sector have, what weapons are in their armoury to manage this sort of supply chain disruption and how effective are they in deploying them at the moment?

Peter Ellingworth: You have seen a good example with the rapid response to unprecedented demand around ventilators and associated equipment in the intensive care units. They have resilient supply chains. They have learned as well that it is not good to source raw materials and components from one location. We are in a world that trades globally, so you have to have that and they are very well practised in that. They have put a lot of scrutiny into supply chains over the years so I think it is well placed.

Where we have an opportunity is to come back to the UK and say, "How do we prepare and enable smaller UK companies to come and step into the breach if we do have disruption, whether it is that abhorrent behaviour from France and Germany, whether it is something that China

is doing. How do we have that in health?" Those are small businesses, engineering based, and they are very ready to help. We are talking to those companies all the time. They know others outside the medical supply chain that can come in and supplement it. Many of them are coming into the PPE space now. They are working with those companies on things like PPE, which are self-certified class 1 medical products, and they are sharing their expertise.

Robert, it is a very good question. We do need to look at that going forward. You have seen it in the diagnostic space as well. Look at what respect we have had from the large diagnostic companies that have really come to our aid. Despite our, frankly, failure to invest in diagnostics to an adequate level compared with other countries, they have come in and they have done significant things to invest here and help us out of our difficulties.

Q53 **Robert Courts:** Thank you. It sounds as if diversification of supply is a major takeaway point for us out of this crisis, as well as bringing in smaller companies and getting them to adapt, ramp up and change when a crisis hits. It sounds as those are two—

Peter Ellingworth: Absolutely, Robert. You have hit the nail on the head.

Q54 **Robert Courts:** Great, thank you. I appreciate that, Mr Ellingworth. What about Mr Roscrow, do you have any comment on those points?

Mark Roscrow: Again, Peter has hit the nail on the head. We have seen some fantastic responses from industry in areas that you would not think of. I mean the Royal Mint has been making face visors for us. You probably would not have expected that to be happening. It is a fantastic example again of working with the regulator—I think Peter mentioned earlier how MHRA and HSE have been very flexible around these things—to make sure that those qualities and those checks and balances were in place. Also, we have a number of examples in some of the small manufacturing companies. Again drawing one from Wales, a company that is not normally in the face visor market has turned its hand to it. Hand gel is another example, so where they have been able to do it they have.

Some of the areas of mass production around face masks are a bit trickier. There is a bit more engineering and tooling that needs to be done around that and, therefore, that is going to take a little bit longer for people to be able to naturally switch on.

Q55 **Robert Courts:** Thank you. There is quite a lot there that is work in progress that we will have to look to for the future. Those are takeaway points. Of course, as we are at the moment, it seems to me there must be a supply and demand point here as well. How inevitable is it that for the time being at least, until we get that diversification of supply issue addressed, we are going to have to either endure shortages or pay more

or both? Mr Ellingworth?

Peter Ellingworth: Yes, there is a challenge. The most significant challenge companies are facing at the moment, whether they are local or global, is the demand that outstrips their ability to supply coming in from all over the world. If we stay with the United Kingdom, one of the things that I think Mark and his colleagues can help us do—and we are certainly working with NHS England and with the Department of Health as well—is to try to ensure that there is some central planning so we end up with the product in the right place at the right time.

We all watch the television. We know where the disease is focused. We have to make sure that the product goes to the right place at the right time, so there is a role for the centre to play in that.

Q56 **Robert Courts:** Thank you, Mr Ellingworth. I will come to you in a moment, Mr Roscrow. On that point, you have touched on something I was going to ask you anyway. We have been talking about industry here and the private sector and the role of government in particular. Could you perhaps comment a little bit more—or maybe that is the comment you would like to make—upon the role of government, either individual national or local governments as individual units or collectively? What role do they have to alleviate this supply issue?

Peter Ellingworth: There is a huge opportunity to learn from this. What I would commend is the fact that the supply team under Steve Oldfield and in our case with David Wathey, in particular, in the Department has been very responsive. NHS England—again a good team there and responding well. We have allocated a number of our staff to this process, so where we can we say, "Look, of the 2,000 offers of help you are getting in a particular category here, these are companies we know. They are good. They are credible sources". We have people working on that with them right now, but it has been a team effort.

One of the great things that are coming out of this is learning that industry, with the Department, with the NHS and with colleagues in procurement can work together. We do need more resource there. They are being overwhelmed right now.

Q57 **Robert Courts:** Thank you, Mr Ellingworth. Mr Roscrow, can I ask you to comment on those points, please: first, the price and shortage point and then the role of government—either as an individual national unit or collectively—your views?

Mark Roscrow: It is a feature of supply and demand that the demand is astonishing and, therefore, that is driving up price. We are seeing that. We are pre-paying for product that we would never normally do and that has been necessary to acquire this product. That has been a feature of trying to be agile and flexible in what we are doing.

In terms of the role of government, it is important to try to bring some central co-ordination to that. That comes with some frustration, otherwise

the risk is we are all fighting in the same pond for the same product and, potentially, competing to price up artificially against ourselves, so we have to be careful around that. The centre has been trying to do that.

There are some frustrations, certainly if you look at procurement professionals across trusts in England in particular, with the lack of product coming through and the perceived failures of being able to acquire the volumes that have been necessary. Again, the support that is necessary to work on that is a huge effort. I think people collectively are trying to do the right thing, but a little bit more could have been done by utilising some of the broader procurement expertise that exists to bring some leverage into some of these areas. Some of this does work by contact. It does not follow a conventional process. You have to be fleet of foot to be able to respond to the requirements that we are trying to deal with at the moment.

Q58 **Chair:** Can I just nip in there? I want to bring Paul Girvan in, in a second. On 15 April Chris Hopson, of NHS Providers, told the BBC that supplies of oxygen have turned out to be a more significant problem than ventilator availability. That is a week last Wednesday. How are supplies of oxygen doing?

Mark Roscrow: I think they are holding up. It has been a position they were looking at in terms of the ventilator capacity and, also, the field hospitals that were being set up and the ability of companies like BOC to provide the vessels to be able to pump oxygen into those locations, which is a huge engineering requirement.

In some instances, the infrastructure within hospitals to support both CPAP machines and ventilators is a challenge. One takes more demand and, therefore, there is a risk of those machines sucking more oxygen out of the system. Generally, because we have not had to utilise the capacity thankfully as much as has been planned for, the oxygen supply is standing up.

Chair: Thank you. I go a little bit south of me here, directly south of me, Paul Girvan in Northern Ireland.

Q59 **Paul Girvan:** In relation to the ongoing supply and demand, because there is such a demand there are those who are taking advantage of it and using this probably to set up fraudulent companies and, unwittingly, some well-meaning individuals who are buying on behalf of the Department of Health or whatever might well be being sucked into fraud. What measures are being taken to ensure that that is not happening?

As a secondary part of this, it was evident whenever PPE was being collected from Turkey that we used the RAF and, therefore, probably did not come across the exorbitant prices that are being charged to carry freight into the United Kingdom. What measure have been taken to ensure that Governments are getting their opportunity to intervene where there are those who will take advantage, both commercially and from a fraudulent point of view, in relation to supply at this critical time?

Mark Roscrow: Certainly, on the quality front, a great deal of effort is going into that. In Wales, we have a surgical materials testing laboratory that is part of the NHS. We are using it to vet the offers that we get and to review the documentation. I know England and other devolved Administrations are following similar approaches. Where we are encountering fraudulent offers we are making those known to the MHRA and other areas. We are trying to ensure that that quality consideration is part of what we are doing as part of the routine process. I know that sometimes comes at the price of frustration for companies that think they are making genuine offers, but it is important that that step is taken.

In terms of the RAF and the use of the military to fly product in, clearly that was expedient. To what extent it has the capacity and will be able to do more of that I am not sure, but it obviously does offer a route, and I am sure we will give that more consideration as we go forward.

Q60 **Chair:** Peter Ellingworth, briefly. I am just going to remind everybody that we have 10 minutes left before the guillotine falls on our Zoom sharing here. Peter, in you come.

Peter Ellingworth: Indeed, Mr Chair, thank you. Very briefly, where companies in our industry are being approached by potential resellers they are using their own intelligence to tell them that these are not normal requests coming in. They will continue to supply to the NHS, and they are going to resist supplying anything to people who are coming across. I would think that they know their normal customers and they know who is not a normal customer.

Chair: I would imagine anybody fraudulent will be notified to police and the relevant authorities as well.

Q61 **Paul Girvan:** Before finishing off—Chair, apologies—it has also been suggested that PPE was making its way across to, say for argument's sake, the United Kingdom, but unfortunately prior to it departing from an airport, or wherever it was coming from, there were people there with a chequebook writing a cheque for it to be diverted to the United States. I am wondering how we ensure that that is not happening? What measures can we put in place to ensure that that is not the case?

Peter Ellingworth: That is certainly a question for the Foreign Office I would suggest. I mean it is invidious behaviour. It is back to the point we started this conversation with, about not just thinking about national interest. I know many of the large companies that do supply PPE have taken a good global view. They know their business is global and they have looked at that. That sort of behaviour is an issue.

Q62 **Sir Mark Hendrick:** This is a question that was raised to some extent with the first panel, and that is about building more resilience into the medical supply chain for the future, and, as a possible solution to that, undertaking more manufacturing in the UK and what should be the role of Government in compelling such measures? One of the things that Peter said earlier really struck me, about the huge escalation in air freight

costs. We would have thought that onshoring this work would have been more expensive because of British labour costs and more expensive business rates, for example. However, if there are huge escalations in air freight costs obviously this would swing the balance the other way. Can I ask both Peter and Mark what their views are on onshoring this work for the future?

Peter Ellingworth: Sir Mark, thank you for the question. There are challenges with those costs. One of the things that we have to recognise is that companies are going to have to pass some of that on, particularly small British businesses. They simply cannot absorb this kind of cost. It is impossible. I know that colleagues in procurement will be sympathetic to that story.

The challenge is that you cannot re-shore everything. We talked about this as being a global market. We need to talk about how we re-enable that and how we bring the opportunities. This is where we were talking with Robert earlier about linking companies together and preparing. There is an element of investing in the UK industry and that is important. It is a science and technology-based industry and it is engineering. They are good quality jobs and those companies do need support.

As you heard from Richard Torbett in the earlier session, one of the things that we are collaborating with ABPI on is looking at how we build on the existing life sciences strategy for the UK and look at developing this further, so that we keep and capture that unique UK quality while still encouraging and attracting investment from global companies.

Mark Roscrow: To pick up on the freight issue, it is an opportunity at a moment in time. Normally the product would flow through sea routes. It would be very unusual to fly significant volumes of product in simply because the normal cost of that compared to sea routes is more expensive. This is people seizing the opportunity, because we are requiring that product very quickly and, therefore, obviously air freight offers an opportunity to do that. When eventually this all gets back to some sense of normality the normal routes of product would flow, so that is something to consider.

In terms of UK manufacturing—and I was interested in the comment on pharmaceuticals earlier—there is a challenge back into industry, and companies that perhaps have identified opportunities that they would not necessarily have thought of, to look at that as part of their future product development and to give industry the challenge and see how industry responds to that.

Coming out of the EU does present opportunities to see how we can make more of this and export more of this as well, so that has to be part of the consideration going forward.

Q63 **Sir Mark Hendrick:** Intuitively, it would seem more expensive to re-shore or onshore this work than to have it done more cheaply abroad.

How do we get that balance right?

Mark Roscrow: That is right. I have said a number of times—and it is a slightly simple model—why have we gone and bought a lot of product from abroad? Primarily, because it has been cheaper. The quality has certainly improved and increased, with regulation helping to do that. That is why we have done it. If you balance that against what it has cost us in the last several months, I suspect the weighing scales are tipping the other way. It is how long a period you look at that for.

Chair: That is a very good point. I mean there are several arguments we could put to that another time.

Q64 **Craig Williams:** I will make it quick. I am conscious of the time. The EU Trade Commissioner and the Dutch Government have been looking at coming out of this with some sort of international trade agreement around medical supplies. Given your practical experiences, do you think in circumstances like a pandemic, when Governments clearly have to put the priorities and the safety of their own citizens first, we can have any practical trade agreements that stop this in the future?

Peter Ellingworth: Strive for it. I am going to quote the Queen for a moment. In her address on 5 April one of the things she said was, "This time we join with all nations across the globe in a common endeavour". That is a wonderful spirit. I think our diplomats and our trade negotiators really have to strive for this. It is aspirational but I think we have to go down those routes.

Regulation I have mentioned, number one; huge opportunities here to simplify global regulations and learn from this. That will make product move much more quickly and it will allow the development of it too. In future trade agreements, well, let's consider pandemic planning.

Mark Roscrow: I agree with Peter on that. The opportunity is there. When the dust settles on this we do need a frank and open discussion. Some of the behaviours and some of the ways people have dealt with these things will come under the spotlight. The way forward is a collective, collaborative approach that is mutually beneficial. I do not see the benefit of, "We are okay and somebody else isn't". That is not helpful at the end of the day.

Q65 **Craig Williams:** Very briefly, have you seen that in this pandemic across the world in terms of PPE supplies?

Peter Ellingworth: On PPE, yes. In some of the large global corporations we have seen terrific behaviour. We found the Foreign Office and the Department of Trade very helpful where we have worked with them, and even the US Embassy in some cases, to say, "Actually you need to allow product to move freely". Global industry is behind that. I will mention the diagnostic industry again. Look at what those large companies are doing for the UK at the moment. The spirit is there,

certainly in industry, and we need to get Governments to align behind that.

Mark Roscrow: I agree with that. Industry would want it. They have global supply chains. They have global customers and they do not want that to be restricted and constrained.

Q66 **Chair:** Thank you. Mark, at the end you hinted at something that is really at the nub of what is going on at the moment. There is a change in value between what I termed earlier in today's session of peace time and now of pandemic time, and what value you place on something. You are prepared to pay quite a lot more in a pandemic time. Saving a penny or two here or there isn't as great when you desperately need it. That is perhaps a question that we have to address more fully in the fullness of time.

A final point, in all we have said here we have talked about compelling companies to do more with the supply chains—as I think Samuel Roscoe mentioned in the first panel—so they are not as long and as tenuous, they are part of the supply chains of whatever. Is there more Government could be doing or changing to entice companies to be manufacturing in this part of the world, rather than having to offshore so far away? Is there anything obvious? If it is not there today, do you think the industry will get together in the future and point this out? There is now a more willing audience to listen, having been through the pandemic

Peter Ellingworth: Yes, Chair, there absolutely is. One of the things that the NHS needs to do—and we have talked about this for many years through many reviews with Government—is to adopt new innovations and new clinical pathways much more quickly. If it does that you will find that companies will want to come here. They will want to manufacture and not just do their research. They will invest on the back of that. It is fundamental.

Q67 **Chair:** Mark, briefly, I will give you the final word on this.

Mark Roscrow: We use industry as the example. The response to a challenge has been staggering and fantastic. The ability to create ventilators by Dyson and others, for example, has been astonishing. If we can do that quickly, why can we not get innovative product into the NHS, trialled and then included as business-as-usual more quickly. We have to learn the lessons of this across a whole range of clinical areas. Lots of GPs will be using all sorts of means to see patients. We cannot go back to the old days of waiting to get an appointment for three weeks, thank you very much.

Chair: Very good. Thank you all. That was an interesting learning curve for each and every one of us during the last two hours. I have certainly enjoyed it. Thank you for your time. Thank you, colleagues, for your co-operation and especially thank you, witnesses, for your time on this. It is a beautiful sunny afternoon—at least it is in Na h-Eileanan an Iar in the Outer Hebrides. It is fantastic. I hope it is with you all. I wish you all a

very good day. Enjoy the rest of St George's Day the best you can, given the strictures of our situations. Thank you. Feasgar math. Good afternoon.